

Press Release

Miura Infrastructure Private Limited

June 22, 2022



Rating Upgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	18.00	-	ACUITE A2 Upgraded
Bank Loan Ratings	7.00	ACUITE BBB+ Stable Upgraded	-
Total Outstanding Quantum (Rs. Cr)	25.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has upgraded the long term rating to '**ACUITE BBB+**' (read as **ACUITE triple B plus**) from '**ACUITE BBB**' (read as **ACUITE triple B**) and short term rating to '**ACUITE A2**' (read as **ACUITE A two**) from '**ACUITE A3+**' (read as **ACUITE A three plus**) on the Rs.25.00 crore bank facilities of Miura Infrastructure Private Limited. The outlook is '**Stable**'.

The rating upgrade factors in the overall improvement in business risk profile of the company marked by continuous improvement in operating income while maintaining the profitability margin at a healthy level. Besides, the company continues to sustain its healthy financial risk profile and a strong liquidity position. The revenue of the company has increased to Rs.73.46 crore in FY2022 (Prov.) as compared to Rs.64.11 crore in FY2021. The operating profitability margin of the company stood between 20 per cent to 21.6 per cent in the past 2 years ended FY'2022. The strong financial risk profile of the company is marked by healthy network, very low gearing and strong debt protection metrics in FY2022 (Prov.) over FY2021. The strong liquidity of the company is marked by healthy net cash accruals and very low utilization of working capital facility for the last six months ended May 2022.

About the Company

Miura Infrastructure Private Limited (MIPL) was established in 2005 by Mr. Gaurav Himatsingka. The company is engaged in the fabrication and erection of steel structures and machine equipment. The fabrication unit is located at Bhilai, Chhattisgarh. The day-to-day operations are managed by Mr. Gaurav Himatsingka and his brother, Mr. Vivek Himatsingka.

Analytical Approach

Acuite has considered the standalone business and financial risk profile of MIPL while arriving at the rating.

Key Rating Drivers

Strengths

Long track record of operation and experienced management

MIPL was started by Mr. Gaurav Himatsingka under the guidance of his father-in-law who has an experience of more than five decades in the business of fabrication of building and technological structures. The day to day operations of the company are managed by Mr. Gaurav Himatsingka and Mr. Vivek Himatsingka who are well supported by experienced and qualified divisional heads. The company has a long presence in this sector and has established a healthy relationship with customers for more than a decade.

Healthy profitability margin

The operating profitability margin of the company stood healthy at 19.81 per cent in FY2022 (Prov.) as against of 21.63 per cent in the previous year. However, this decline in operating profitability margin is on account of increase in raw material price during the period. Acuité believes that the operating profitability margins of the company will remain healthy on account of steady demand from iron and steel industry along with established market presence. The net profitability margin of the company also stood healthy at 14.11 per cent in FY2022 (Prov.) as compared to 13.77 per cent in the previous year.

Healthy financial risk profile

The financial risk profile of the company is marked by healthy net worth, very low gearing and robust debt protection metrics. The net worth of the company stood healthy at Rs.42.28 crore in FY 2022 (Prov.) as compared to Rs 31.91 crore in FY2021. The gearing of the company stood at 0.04 times as on March 31, 2022 (Prov.) when compared to 0.05 times as on March 31, 2021. Interest coverage ratio (ICR) is strong and stood at 29.25 times in FY2022 (Prov.) as against 16.03 times in FY2021. The debt service coverage ratio (DSCR) of the company also stood strong at 22.97 times in FY2022 (Prov.) as compared to 12.53 times in the previous year. The net cash accruals to total debt (NCA/TD) stood strong at 7.87 times in FY2022 (Prov.) as compared to 6.42 times in the previous year. Going forward, Acuité believes the financial risk profile of the company will remain strong on account of steady net cash accruals and no major debt funded capex plan over the near term.

Weaknesses

Modest scale of operation

The revenue of the company stood modest at Rs.73.46 crore in FY2022 (Prov.) as compared to Rs.64.11 crore in the previous year. However, this improvement in revenue is on account of increase in average realization per unit during the period. Going forward, Acuité believes that the revenue of the company will increase on account of favourable demand situation in the iron and steel industry, well established presence and moderate order book position.

Working capital management

The working capital management of the company is marked by high gross current asset (GCA) days of 169 days in FY2022 (Prov.) as compared to 187 days in the previous year. This high GCA day of the company is mainly due to high inventory holding for raw material during the period. The inventory holding period of the company stood high at 173 days in FY2022 (Prov.) as compared to 188 days in the previous year. The debtor days of the company stood comfortable at 12 days in FY2022 (Prov.) as compared to 31 days in the previous year. Acuité believes that the ability of the company to manage its working capital operations efficiently will remain a key rating sensitivity.

Rating Sensitivities

- Scaling up of operations while maintaining their profitability margin

- Sustenance of their conservative capital structure
- Working capital management

Material covenants

None

Liquidity Position: Strong

The company has strong liquidity position marked by healthy net cash accruals of Rs.12.21 crore as against nil long term debt obligations in FY2022 (Prov.). The cash accruals of the company are estimated to remain in the range of around Rs. 14.52 crore to Rs. 16.59 crore during 2023-24 as nil long term debt obligations during the period. The bank limit of the company has been only 3 percent utilized during the last six months ended in May 2022. The current ratio of the company stood comfortable at 1.38 times in FY2022 (Prov.). The Gross Current Asset (GCA) days of the company stood high at 169 days in FY2022 (Prov.). Acuité believes that the liquidity of the company is likely to remain strong over the medium term on account of healthy cash accruals against the nil long debt repayments over the medium term.

Outlook: Stable

Acuité believes the company will maintain a stable business risk profile over the medium term. The company will continue to benefit from its experienced management and established association with customers and suppliers along with healthy financial risk profile. The outlook may be revised to "Positive" in case the company registers significant increase in scale of operations while maintaining their profit margins and achieving efficient working capital management. The outlook may be revised to 'Negative' in case of deterioration in the company's scale of operations and profitability or capital structure, or in case of further elongation of working capital cycle.

Key Financials

Particulars	Unit	FY 22 (Provisional)	FY 21 (Actual)
Operating Income	Rs. Cr.	73.46	64.11
PAT	Rs. Cr.	10.37	8.83
PAT Margin	(%)	14.11	13.77
Total Debt/Tangible Net Worth	Times	0.04	0.05
PBDIT/Interest	Times	29.25	16.03

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Entities In Manufacturing Sector - <https://www.acuite.in/view-rating-criteria-59.htm>
- Rating Process and Timeline: <https://www.acuite.in/view-rating-criteria-67.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
30 Mar 2021	Bank Guarantee	Short Term	23.00	ACUITE A3+ (Upgraded from ACUITE A3)
	Cash Credit	Long Term	2.00	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)
31 Jan 2020	Bank Guarantee	Short Term	23.00	ACUITE A3 (Reaffirmed)
	Cash Credit	Long Term	7.50	ACUITE BBB- Stable (Reaffirmed)
27 Nov 2018	Cash Credit	Long Term	7.50	ACUITE BBB- Stable (Reaffirmed)
	Bank Guarantee	Short Term	23.00	ACUITE A3 (Reaffirmed)
03 Nov 2017	Cash Credit	Long Term	7.50	ACUITE BBB- Stable (Assigned)
	Bank Guarantee	Short Term	19.50	ACUITE A3 (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Rating
Kotak Mahindra Bank	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	18.00	ACUITE A2 Upgraded
Kotak Mahindra Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	7.00	ACUITE BBB+ Stable Upgraded

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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